

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

|  |                                   |  |                 |
|--|-----------------------------------|--|-----------------|
| Local Government Type:<br><input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other |                                   | Local Government Name:<br><u>Charter Township of Huron</u>   | County<br>Wayne |
| Audit Date<br>December 31, 2003  | Opinion Date<br>February 11, 2004 | Date Accountant Report Submitted To State:<br>March 12, 2004 |                 |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- |   |   |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132])   |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

| We have enclosed the following:                                     | Enclosed                            | To Be Forwarded          | Not Required                        |
|---|-------------------------------------|--------------------------|-------------------------------------|
| The letter of comments and recommendations.                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            |
| Reports on individual federal assistance programs (program audits). | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Single Audit Reports (ASLGU).                                       | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

|   |                    |             |              |
|---|--------------------|-------------|--------------|
| Certified Public Accountant (Firm Name): <b>PLANTE &amp; MORAN, PLLC</b>                                    |                    |             |              |
| Street Address<br>27400 Northwestern Highway  | City<br>Southfield | State<br>MI | ZIP<br>48034 |
| Accountant Signature<br> |                    |             |              |

# **Charter Township of Huron Wayne County, Michigan**

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**Financial Report  
with Additional Information  
December 31, 2003**

# Charter Township of Huron, Michigan

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## Independent Auditor's Report

To the Supervisor and Township Board  
Charter Township of Huron  
Wayne County, Michigan

We have audited the accompanying general purpose financial statements of the Charter Township of Huron as of December 31, 2003 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Charter Township of Huron's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Charter Township of Huron as of December 31, 2003 and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

February 11, 2004

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# Charter Township of Huron, Michigan

|  | Governmental Fund Types |                     |                     |   |
|--|-------------------------|---------------------|---------------------|---|
|  | General                 | Special Revenue     | Debt Service        | Capital Projects - Capital Improvement Fund |
| <b>Assets</b>  |                         |                     |                     |   |
| Cash and cash equivalents (Note 2)                             | \$ 1,006,958            | \$ 2,132,694        | \$ 937,357          | \$ 869,846                                  |
| Investments (Note 2)   | 41,351                  | 179,186             | 44,107              | 138,830                                     |
| Receivables:   |                         |                     |                     |   |
| Taxes  | 372,837                 | 1,671,298           | 13,610              | -   |
| Customers  | -                       | -                   | -                   | -   |
| Special assessments  | -                       | 398,685             | -                   | -   |
| Other  | -                       | 140,386             | 8,488               | -   |
| Due from other governmental units                              | 245,569                 | 85,809              | -                   | -   |
| Due from other funds (Note 3)                                  | 401,379                 | 985,005             | 127,525             | -   |
| Due from primary government                                    | -                       | -                   | -                   | -   |
| Prepaid expenses and other assets                              | 38,714                  | -                   | -                   | -   |
| Inventories  | 9,980                   | -                   | -                   | -   |
| Restricted assets (Note 4)                                     | -                       | -                   | -                   | -   |
| Capital assets (Note 5)  | -                       | -                   | -                   | -   |
| Amount available in Debt Service Funds                         | -                       | -                   | -                   | -   |
| Amount to be provided for retirement of general long-term debt | -                       | -                   | -                   | -   |
| <b>Total assets</b>  | <b>\$ 2,116,788</b>     | <b>\$ 5,593,063</b> | <b>\$ 1,131,087</b> | <b>\$ 1,008,676</b>                         |

**Combined Balance Sheet**  
**All Fund Types, Account Groups, and Component Units**  
**December 31, 2003**

| Proprietary<br>Fund Type           | Fiduciary<br>Fund Type     | Account Groups             |                              | Component<br>Units                                  |  |
|------------------------------------|----------------------------|----------------------------|------------------------------|---|--|
| Enterprise<br>(Sewer and<br>Water) | Trust<br>and<br>Agency     | General<br>Fixed<br>Assets | General<br>Long-term<br>Debt | Total Primary<br>Government<br>(Memorandum<br>Only) | Local<br>Development<br>Finance<br>Authorities |
| \$ 3,066,690                       | \$ 3,612,345               | \$ -                       | \$ -                         | \$ 11,625,890                                       | \$ 1,346,780                                   |
| 605,463                            | -                          | -                          | -                            | 1,008,937   | 188,834  |
| -                                  | -                          | -                          | -                            | 2,057,745   | -  |
| 368,471                            | -                          | -                          | -                            | 368,471   | -  |
| -                                  | -                          | -                          | -                            | 398,685   | -  |
| -                                  | -                          | -                          | -                            | 148,874   | 10,000   |
| -                                  | -                          | -                          | -                            | 331,378   | -  |
| 50,560                             | -                          | -                          | -                            | 1,564,469   | 26,596   |
| -                                  | -                          | -                          | -                            | -   | 33,962   |
| 229,618                            | -                          | -                          | -                            | 268,332   | -  |
| 92,079                             | -                          | -                          | -                            | 102,059   | -  |
| 1,843,515                          | -                          | -                          | -                            | 1,843,515   | -  |
| 28,163,658                         | -                          | 5,353,522                  | -                            | 33,517,180  | -  |
| -                                  | -                          | -                          | 1,131,087                    | 1,131,087   | -  |
| -                                  | -                          | -                          | 5,272,095                    | 5,272,095   | -  |
| <b><u>\$ 34,420,054</u></b>        | <b><u>\$ 3,612,345</u></b> | <b><u>\$ 5,353,522</u></b> | <b><u>\$ 6,403,182</u></b>   | <b><u>\$ 59,638,717</u></b>                         | <b><u>\$ 1,606,172</u></b>                     |

# Charter Township of Huron, Michigan

|  | Governmental Fund Types |                     |                     |   |
|--|-------------------------|---------------------|---------------------|---|
|  | General                 | Special Revenue     | Debt Service        | Capital Projects - Capital Improvement Fund |
| <b>Liabilities and Fund Equity</b>       |                         |                     |                     |   |
| <b>Liabilities</b>                       |                         |                     |                     |   |
| Accounts payable                         | \$ 94,702               | \$ 74,765           | \$ -                | \$ -  |
| Due to other governmental units          | 1,014                   | -                   | -                   | -   |
| Due to other funds                       | 7,036                   | 133,629             | -                   | -   |
| Due to component unit                    | 3,736                   | 30,226              | -                   | -   |
| Accrued and other liabilities            | 43,423                  | 98,087              | -                   | -   |
| Deferred revenue                         | 505,281                 | 2,919,164           | -                   | -   |
| Long-term debt (Note 6)                  | -                       | -                   | -                   | -   |
| Total liabilities                        | 655,192                 | 3,255,871           | -                   | -   |
| <b>Fund Equity</b>                       |                         |                     |                     |   |
| Investment in general fixed assets       | -                       | -                   | -                   | -   |
| Contributed capital (Note 7)             | -                       | -                   | -                   | -   |
| Retained earnings (accumulated deficit): |                         |                     |                     |   |
| Reserved for restricted assets (Note 4)  | -                       | -                   | -                   | -   |
| Unreserved                               | -                       | -                   | -                   | -   |
| Fund balances:                           |                         |                     |                     |   |
| Reserved (Note 8)                        | 601,246                 | -                   | 1,131,087           | -   |
| Unreserved - Designated                  | -                       | 200,000             | -                   | -   |
| Unreserved - Undesignated                | 860,350                 | 2,137,192           | -                   | 1,008,676                                   |
| Total fund equity                        | 1,461,596               | 2,337,192           | 1,131,087           | 1,008,676                                   |
| Total liabilities and fund equity        | <u>\$ 2,116,788</u>     | <u>\$ 5,593,063</u> | <u>\$ 1,131,087</u> | <u>\$ 1,008,676</u>                         |

**Combined Balance Sheet**  
**All Fund Types, Account Groups, and Component Units (Continued)**  
**December 31, 2003**

| Proprietary Fund<br>Type           | Fiduciary<br>Fund Type | Account Groups             |                              | Component<br>Units                                  |  |
|------------------------------------|------------------------|----------------------------|------------------------------|---|--|
| Enterprise<br>(Sewer and<br>Water) | Trust<br>and<br>Agency | General<br>Fixed<br>Assets | General<br>Long-term<br>Debt | Total Primary<br>Government<br>(Memorandum<br>Only) | Local<br>Development<br>Finance<br>Authorities |
| \$ 117,413                         | \$ -                   | \$ -                       | \$ -                         | \$ 286,880  | \$ 10,406                                      |
| -                                  | 1,682,963              | -                          | -                            | 1,683,977   | 6,256  |
| 125,525                            | 1,298,279              | -                          | -                            | 1,564,469   | 26,596   |
| -                                  | -                      | -                          | -                            | 33,962  | -  |
| 51,456                             | 631,103                | -                          | -                            | 824,069   | -  |
| -                                  | -                      | -                          | -                            | 3,424,445   | -  |
| -                                  | -                      | -                          | 6,403,182                    | 6,403,182   | -  |
| 294,394                            | 3,612,345              | -                          | 6,403,182                    | 14,220,984  | 43,258   |
| -                                  | -                      | 5,353,522                  | -                            | 5,353,522   | -  |
| 33,267,113                         | -                      | -                          | -                            | 33,267,113  | -  |
| 1,843,515                          | -                      | -                          | -                            | 1,843,515   | -  |
| (984,968)                          | -                      | -                          | -                            | (984,968)   | -  |
| -                                  | -                      | -                          | -                            | 1,732,333   | -  |
| -                                  | -                      | -                          | -                            | 200,000   | -  |
| -                                  | -                      | -                          | -                            | 4,006,218   | 1,562,914                                      |
| 34,125,660                         | -                      | 5,353,522                  | -                            | 45,417,733  | 1,562,914                                      |
| <b>\$ 34,420,054</b>               | <b>\$ 3,612,345</b>    | <b>\$ 5,353,522</b>        | <b>\$ 6,403,182</b>          | <b>\$ 59,638,717</b>                                | <b>\$ 1,606,172</b>                            |



# Charter Township of Huron, Michigan

## Combined Statement of Revenue, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Component Units Year Ended December 31, 2003

|   | Governmental Fund Types |                     |                     |   | Component Units                            |                                       |
|---|-------------------------|---------------------|---------------------|---|--|---------------------------------------|
|   | General                 | Special Revenue     | Debt Service        | Capital Projects - Capital Improvement Fund | Total Primary Government (Memorandum Only) | Local Development Finance Authorities |
| <b>Revenue</b>  |                         |                     |                     |   |  |                                       |
| Property taxes  | \$ 451,419              | \$ 2,253,473        | \$ 89,213           | \$ -  | \$ 2,794,105                               | \$ 269,647                            |
| Licenses and permits  | 682,212                 | -                   | -                   | -   | 682,212                                    | -                                     |
| Federal sources   | 109,469                 | 8,325               | -                   | -   | 117,794                                    | -                                     |
| State sources   | 1,165,644               | 138,316             | -                   | -   | 1,303,960                                  | 8,000                                 |
| Charges for services  | 681,622                 | 233,115             | -                   | -   | 914,737                                    | -                                     |
| Fines and forfeitures   | 1,440                   | 461,311             | -                   | -   | 462,751                                    | -                                     |
| Debt service charges  | -                       | -                   | 111,963             | -   | 111,963                                    | -                                     |
| Interest and rent   | 45,779                  | 23,668              | 10,252              | 12,590                                      | 92,289                                     | 13,092                                |
| Other   | 2,281                   | 102,598             | -                   | 50,000                                      | 154,879                                    | -                                     |
| <b>Total revenue</b>  | <b>3,139,866</b>        | <b>3,220,806</b>    | <b>211,428</b>      | <b>62,590</b>                               | <b>6,634,690</b>                           | <b>290,739</b>                        |
| <b>Expenditures</b>   |                         |                     |                     |   |  |                                       |
| General government  | 1,079,774               | -                   | -                   | -   | 1,079,774                                  | -                                     |
| Public safety   | 763,292                 | 2,647,732           | -                   | -   | 3,411,024                                  | -                                     |
| Public works  | 553,061                 | -                   | -                   | -   | 553,061                                    | -                                     |
| Health and welfare  | 71,852                  | -                   | -                   | -   | 71,852                                     | -                                     |
| Recreation and cultural   | 142,753                 | -                   | -                   | -   | 142,753                                    | -                                     |
| Insurance and bonds   | 32,942                  | -                   | -                   | -   | 32,942                                     | -                                     |
| Capital outlay  | -                       | 184,730             | -                   | -   | 184,730                                    | -                                     |
| Debt service  | -                       | 20,550              | 1,024,723           | -   | 1,045,273                                  | -                                     |
| Planning, development, and other  | 114,228                 | -                   | -                   | -   | 114,228                                    | 70,888                                |
| <b>Total expenditures</b>   | <b>2,757,902</b>        | <b>2,853,012</b>    | <b>1,024,723</b>    | <b>-</b>                                    | <b>6,635,637</b>                           | <b>70,888</b>                         |
| <b>Excess of Revenue Over (Under) Expenditures</b>  | <b>381,964</b>          | <b>367,794</b>      | <b>(813,295)</b>    | <b>62,590</b>                               | <b>(947)</b>                               | <b>219,851</b>                        |
| <b>Other Financing Sources (Uses)</b>   |                         |                     |                     |   |  |                                       |
| Operating transfers in  | 53,055                  | 229,853             | 197,584             | -   | 480,492                                    | -                                     |
| Operating transfers out   | (180,547)               | (288,125)           | -                   | -   | (468,672)                                  | -                                     |
| Proceeds from debt issuance   | -                       | 48,477              | -                   | -   | 48,477                                     | -                                     |
| <b>Total other financing sources (uses)</b>   | <b>(127,492)</b>        | <b>(9,795)</b>      | <b>197,584</b>      | <b>-</b>                                    | <b>60,297</b>                              | <b>-</b>                              |
| <b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses</b> | <b>254,472</b>          | <b>357,999</b>      | <b>(615,711)</b>    | <b>62,590</b>                               | <b>59,350</b>                              | <b>219,851</b>                        |
| <b>Fund Balances - January 1, 2003</b>  | <b>1,207,124</b>        | <b>1,979,193</b>    | <b>1,746,798</b>    | <b>946,086</b>                              | <b>5,879,201</b>                           | <b>1,343,063</b>                      |
| <b>Fund Balances - December 31, 2003</b>  | <b>\$ 1,461,596</b>     | <b>\$ 2,337,192</b> | <b>\$ 1,131,087</b> | <b>\$ 1,008,676</b>                         | <b>\$ 5,938,551</b>                        | <b>\$ 1,562,914</b>                   |

# Charter Township of Huron, Michigan

|  | General Fund        |                     |  |
|--|---------------------|---------------------|--|
|  | Budget              | Actual              | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenue</b>                                     |                     |                     |  |
| Property taxes                                     | \$ 447,312          | \$ 451,419          | \$ 4,107                               |
| Licenses and permits                               | 655,300             | 682,212             | 26,912                                 |
| Federal sources                                    | 101,069             | 109,469             | 8,400                                  |
| State sources                                      | 1,155,250           | 1,165,644           | 10,394                                 |
| Charges for services                               | 701,750             | 734,677             | 32,927                                 |
| Fines and forfeitures                              | 1,200               | 1,440               | 240                                    |
| Interest and rent                                  | 54,400              | 45,779              | (8,621)                                |
| Other  | 10,240              | 2,281               | (7,959)                                |
| Operating transfers in                             | 44,000              | 53,055              | 9,055                                  |
| Total revenue                                      | 3,170,521           | 3,245,976           | 75,455                                 |
| <b>Expenditures</b>                                |                     |                     |  |
| General government                                 | 1,149,645           | 1,079,774           | 69,871                                 |
| Public safety                                      | 921,974             | 816,347             | 105,627                                |
| Public works                                       | 572,128             | 553,061             | 19,067                                 |
| Health and welfare                                 | 75,284              | 71,852              | 3,432                                  |
| Recreation and cultural                            | 154,310             | 142,753             | 11,557                                 |
| Insurance and bonds                                | 40,383              | 32,942              | 7,441                                  |
| Planning, development, and other                   | 128,392             | 114,228             | 14,164                                 |
| Capital outlay                                     | -                   | -                   | -                                      |
| Debt service                                       | -                   | -                   | -                                      |
| Operating transfers out                            | 256,130             | 180,547             | 75,583                                 |
| Total expenditures                                 | 3,298,246           | 2,991,504           | 306,742                                |
| <b>Excess of Revenue Over (Under) Expenditures</b> | (127,725)           | 254,472             | 382,197                                |
| <b>Fund Balances - January 1, 2003</b>             | 1,207,124           | 1,207,124           | -                                      |
| <b>Fund Balances - December 31, 2003</b>           | <u>\$ 1,079,399</u> | <u>\$ 1,461,596</u> | <u>\$ 382,197</u>                      |

**Combined Statement of Revenue, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
General and Special Revenue Fund Types  
Year Ended December 31, 2003**

| Special Revenue Funds |                     |  |
|-----------------------|---------------------|--|
| Budget                | Actual              | Variance<br>Favorable<br>(Unfavorable) |
| \$ 2,266,694          | \$ 2,253,473        | \$ (13,221)                            |
| -                     | -                   | -                                      |
| -                     | 8,325               | 8,325                                  |
| 92,200                | 138,316             | 46,116                                 |
| 156,944               | 233,115             | 76,171                                 |
| 345,000               | 461,311             | 116,311                                |
| 61,966                | 23,668              | (38,298)                               |
| (9,993)               | 102,598             | 112,591                                |
| 251,400               | 229,853             | (21,547)                               |
| 3,164,211             | 3,450,659           | 286,448                                |
| -                     | -                   | -                                      |
| 2,696,685             | 2,647,732           | 48,953                                 |
| -                     | -                   | -                                      |
| -                     | -                   | -                                      |
| -                     | -                   | -                                      |
| -                     | -                   | -                                      |
| 112,602               | 136,253             | (23,651)                               |
| -                     | 20,550              | (20,550)                               |
| 374,080               | 288,125             | 85,955                                 |
| 3,183,367             | 3,092,660           | 90,707                                 |
| (19,156)              | 357,999             | 377,155                                |
| 1,979,193             | 1,979,193           | -                                      |
| <b>\$ 1,960,037</b>   | <b>\$ 2,337,192</b> | <b>\$ 377,155</b>                      |

# Charter Township of Huron, Michigan

## **Combined Statement of Revenue, Expenses, and Changes in Retained Earnings Proprietary Fund Type - Enterprise (Sewer and Water) Fund Year Ended December 31, 2003**

### **Operating Revenue**

|                         |                |
|-------------------------|----------------|
| Water sales             | \$ 1,170,574   |
| Sewage disposal         | 598,330        |
| Penalties               | 28,026         |
| Other income            | <u>228,923</u> |
| Total operating revenue | 2,025,853      |

### **Operating Expenses**

|                            |                  |
|----------------------------|------------------|
| Cost of water              | 587,686          |
| Cost of sewage disposal    | 233,181          |
| Operation and maintenance  | 739,540          |
| General and administrative | 222,673          |
| Depreciation               | <u>449,451</u>   |
| Total operating expenses   | <u>2,232,531</u> |

**Operating Loss** (206,678)

### **Nonoperating Revenue**

|                            |                |
|----------------------------|----------------|
| Water reserve revenue      | 114,900        |
| Sewer reserve revenue      | 248,400        |
| Interest income            | <u>42,068</u>  |
| Total nonoperating revenue | <u>405,368</u> |

**Net Income** 198,690

**Add Depreciation on Contributed Assets** (Note 7) 154,062

**Less Operating Transfers Out** (11,820)

**Change in Retained Earnings** 340,932

**Retained Earnings - January 1, 2003** 517,615

**Retained Earnings - December 31, 2003** \$ 858,547

# Charter Township of Huron, Michigan

## Combined Statement of Cash Flows Proprietary Fund Type - Enterprise (Sewer and Water) Fund Year Ended December 31, 2003

### Cash Flows from Operating Activities

|  |              |
|--|--------------|
| Operating loss   | \$ (206,678) |
| Adjustments to reconcile operating loss to net cash from operating activities: |              |
| Depreciation   | 449,451      |
| Changes in assets and liabilities:   |              |
| Receivables  | 20,442       |
| Due from other funds   | 10,149       |
| Prepaid expenses and other assets  | (192,749)    |
| Inventories  | (8,004)      |
| Accounts payable   | (149,268)    |
| Accrued and other liabilities  | 20,341       |
| Due to other funds   | 107,153      |
| Net cash provided by operating activities                                      | 50,837       |

### Cash Flows from Capital and Related Financing Activities

|   |           |
|---|-----------|
| Collection of customer assessments                            | 252,197   |
| Collection of replacement and rehabilitation charges          | 363,300   |
| Purchase of capital assets                                    | (250,979) |
| Payments on capital leases                                    | (25,836)  |
| Operating transfer out  | (11,820)  |
| Net cash provided by capital and related financing activities | 326,862   |

### Cash Flows from Investing Activities

|   |        |
|---|--------|
| Interest received on investments          | 42,068 |
| Maturity of investment securities         | 45,537 |
| Net cash provided by investing activities | 87,605 |

**Net Increase in Cash and Cash Equivalents** 465,304

**Cash and Cash Equivalents - January 1, 2003** 4,444,901

**Cash and Cash Equivalents - December 31, 2003** \$ 4,910,205

### Balance Sheet Classification of Cash and Cash Equivalents

|                            |                            |
|----------------------------|----------------------------|
| Cash                       | \$ 3,066,690               |
| Restricted assets (Note 4) | 1,843,515                  |
| Total                      | <u><u>\$ 4,910,205</u></u> |

# Charter Township of Huron, Michigan

## Combining Balance Sheet Component Units December 31, 2003

|   | Local<br>Development<br>Finance<br>Authority | Local<br>Development<br>Finance<br>Authority -<br>Pinnacle | Total               |
|---|--|--|---------------------|
| <b>Assets</b>                                 |  |  |                     |
| Cash and cash equivalents                     | \$ 1,346,780                                 | \$ -   | \$ 1,346,780        |
| Investments                                   | 188,834                                      | -  | 188,834             |
| Other assets                                  | 10,000                                       | -  | 10,000              |
| Due from primary government                   | 33,962                                       | -  | 33,962              |
| Due from other funds                          | 26,596                                       | -  | 26,596              |
| Total assets                                  | <u>\$ 1,606,172</u>                          | <u>\$ -</u>  | <u>\$ 1,606,172</u> |
| <b>Liabilities and Fund Balances</b>          |  |  |                     |
| <b>Liabilities</b>                            |  |  |                     |
| Accounts payable                              | \$ 10,406                                    | \$ -   | \$ 10,406           |
| Due to other funds                            | -  | 26,596   | 26,596              |
| Due to other governmental units               | 6,256  | -  | 6,256               |
| Total liabilities                             | 16,662                                       | 26,596   | 43,258              |
| <b>Fund Balances (Deficit) - Unreserved -</b> |  |  |                     |
| Undesignated                                  | 1,589,510                                    | (26,596)   | 1,562,914           |
| Total liabilities and<br>fund balances        | <u>\$ 1,606,172</u>                          | <u>\$ -</u>  | <u>\$ 1,606,172</u> |

# Charter Township of Huron, Michigan

## Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Component Units Year Ended December 31, 2003

|   | Local<br>Development<br>Finance<br>Authority | Local<br>Development<br>Finance<br>Authority -<br>Pinnacle | Total               |
|---|--|--|---------------------|
| <b>Revenue</b>  |  |  |                     |
| Property taxes  | \$ 269,647                                   | \$ -   | \$ 269,647          |
| State sources   | -  | 8,000  | 8,000               |
| Interest  | 13,092                                       | -  | 13,092              |
| Total revenue   | 282,739                                      | 8,000  | 290,739             |
| <b>Expenditures</b> - Planning, development,<br>and other | 65,612                                       | 5,276  | 70,888              |
| <b>Excess of Revenue Over Expenditures</b>                | 217,127                                      | 2,724  | 219,851             |
| <b>Fund Balances (Deficit)</b> - January 1, 2003          | 1,372,383                                    | (29,320)   | 1,343,063           |
| <b>Fund Balances (Deficit)</b> - December 31, 2003        | <u>\$ 1,589,510</u>                          | <u>\$ (26,596)</u>   | <u>\$ 1,562,914</u> |

# Charter Township of Huron, Michigan

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## Notes to Financial Statements December 31, 2003

### **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Charter Township of Huron (the "Charter Township") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity**

The Charter Township is governed by an elected seven-member Board of Trustees. As required by accounting principles generally accepted in the United States of America, these financial statements present the Charter Township of Huron and its component units. The component units discussed below are included in the Charter Township's reporting entity because of the significance of their operational or financial relationship with the Charter Township.

The Local Development Finance Authority ("LDFA") and the Local Development Finance Authority - Pinnacle ("LDFA-Pinnacle") component units are reported within the component unit column in the combined financial statements. They are reported in a separate column to emphasize that they are legally separate from the Charter Township.

The Authorities were created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the Charter Township so as to provide needed services and facilities of such enterprises to the residents of the Charter Township.

The LDFA's governing body consists of 11 individuals. The School District Board appoints two members. The Wayne County Community College Board and the County of Wayne each appoint one member and the Charter Township Board appoints seven members. The LDFA-Pinnacle's governing body consists of 11 individuals. The Charter Township Board appoints seven members. The Wayne County Community College Board and the Wayne County Board of Commissioners each appoint one member and the City of Romulus Board appoints two members.

#### **Fund Accounting**

The accounts of the Charter Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped, in the combined financial statements in this report, into generic fund types in three broad fund categories as follows:



# Charter Township of Huron, Michigan

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## Notes to Financial Statements December 31, 2003

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Governmental Funds

**General Fund** - The General Fund contains the records of the ordinary activities of the Charter Township that are not accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue, and other sources.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions.

**Debt Service Funds** - Debt Service Funds are used to account for the annual payment of principal, interest, and expenses in connection with certain long-term debt other than debt payable from the operations of an Enterprise Fund.

**Capital Projects Fund** - The Capital Projects Fund is used to account for the development of capital facilities other than those financed by the operations of an Enterprise Fund.

#### Proprietary Fund

**Enterprise Fund** - The Enterprise (Sewer and Water) Fund is used to account for the results of operations that provide a service to citizens that is financed primarily by a user charge for the provision of that service.

#### Fiduciary Funds

**Agency Funds** - Agency Funds are used to account for assets held by the Charter Township as an agent for individuals, organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

#### Basis of Accounting

The accrual basis of accounting is used by the proprietary fund. All governmental funds, Agency Funds, and the component unit utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

# Charter Township of Huron, Michigan

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## Notes to Financial Statements December 31, 2003

### Note 1 - Summary of Significant Accounting Policies (Continued)

Properties are assessed as of December 31. The related property taxes are billed on December 1 of the following year and become a lien at that time. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

- b. Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue in each respective fund at December 31.
- c. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- d. Normally, expenditures are not divided between years by the recording of prepaid expenses. Prepaid expenses reported in the General Fund represent advance payment for future year expenditures.
- e. The noncurrent portion of accumulated sick and vacation pay liabilities is reflected in the General Long-term Debt Account Group.

**Fixed Assets and Long-term Liabilities** - Fixed assets used in governmental fund-type operations are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Such assets, which are recorded as expenditures at the time of purchase, do not include certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks, and lighting systems. No depreciation has been provided on general fixed assets.

All fixed assets are recorded at cost or, if donated, at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the governmental funds.

The General Fixed Assets Account Group and the General Long-term Debt Account Group are not funds and do not involve the measurement of results of operations.

Fixed assets relating to the proprietary fund are accounted for in that fund. Depreciation on such fixed assets is charged as an expense against the operations of the proprietary fund on a straight-line basis. Depreciation related to proprietary fund assets acquired through federal and state grants is charged against contributed capital.

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Cash Equivalents** - For the purpose of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

**Investments** - Investments are reported at fair value, based on quoted market prices.

**Inventories** - Inventories in the General Fund and Enterprise Fund are valued at cost, on a first-in, first-out basis, which approximates market value. Fund balance in the General Fund has been reserved for inventories.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Memorandum-only Totals** - The total data presented is the aggregate of the fund types and account groups and is presented for analysis purposes only. No consolidating or other eliminations were made in arriving at the totals; therefore, they do not present consolidated information.

Other accounting policies are disclosed in other notes to financial statements.

### Note 2 - Deposits and Investments

The Charter Township's deposits and investments are included on the balance sheet under the following classifications:

|                            |                             |
|----------------------------|-----------------------------|
| Cash and cash equivalents  | \$ 11,625,890               |
| Investments                | 1,008,937                   |
| Restricted assets (Note 4) | <u>1,843,515</u>            |
| Total                      | <u><u>\$ 14,478,342</u></u> |

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 2 - Deposits and Investments (Continued)

The above amounts are classified by Governmental Accounting Standards Board Statement No. 3 in the following categories:

|  |                      |
|--|----------------------|
| Bank deposits (checking accounts, savings accounts, and certificates of deposit) | \$ 13,972,738        |
| Commercial paper   | 503,530              |
| Petty cash or cash on hand   | <u>2,074</u>         |
| Total  | <u>\$ 14,478,342</u> |

#### Deposits

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at approximately \$12,995,000. Of that amount, approximately \$400,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. The Charter Township evaluates each financial institution with which it deposits Charter Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### Investments

The Charter Township is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances, and mutual funds and investment pools that are composed of authorized investment vehicles.

The Charter Township's investments are strictly composed of commercial paper and are categorized as Risk Category 2. Risk Category 2 includes investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Charter Township's name.

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 2 - Deposits and Investments (Continued)

#### Component Unit

The cash and cash equivalents of the Charter Township's component unit consist of bank deposits of \$1,346,780 and investments of \$188,834. The deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$1,441,000, of which \$194,593 was covered by federal depository insurance. The investments, which are recorded at fair value, include the following:

|                         |                   |
|-------------------------|-------------------|
| Certificates of deposit | \$ 94,593         |
| Commercial paper        | <u>94,241</u>     |
| Total                   | <u>\$ 188,834</u> |

### Note 3 - Interfund Receivables

The following are interfund receivables at December 31, 2003:

| Fund Due To                 | Fund Due From         | Amount         |
|-----------------------------|-----------------------|----------------|
| General Fund                | Road Improvement Fund | \$ 51,707      |
|                             | Trust and Agency Fund | 135,427        |
|                             | Current Tax Fund      | <u>214,245</u> |
| Total General Fund          |                       | 401,379        |
| Special Revenue Funds:      |                       |                |
| Police Fund                 | Current Tax Fund      | 653,982        |
|                             | General Fund          | 4,000          |
| Fire Fund                   | General Fund          | 1,037          |
|                             | Current Tax Fund      | 283,066        |
|                             | Police Fund           | 31,922         |
| Road Improvement Fund       | Current Tax Fund      | <u>10,998</u>  |
| Total Special Revenue Funds |                       | 985,005        |

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 3 - Interfund Receivables (Continued)

| Fund Due To                 | Fund Due From        | Amount              |
|-----------------------------|----------------------|---------------------|
| Debt Service Funds:         |                      |                     |
| Sewer Debt Fund             | Sewer and Water Fund | \$ 127,138          |
| Water Debt Fund             | Sewer and Water Fund | <u>387</u>          |
| Total Debt Service Funds    |                      | 127,525             |
| Sewer and Water Fund        | Current Tax Fund     | 560                 |
|                             | Police Fund          | <u>50,000</u>       |
| Total Sewer and Water Fund  |                      | <u>50,560</u>       |
| Total interfund receivables |                      | <u>\$ 1,564,469</u> |

### Note 4 - Restricted Assets

Restricted assets at December 31, 2003 consist of cash and investments in the amount of \$1,843,515. Retained earnings have been reserved for the entire amount.

In 1979, the Charter Township Board adopted an ordinance that provides for a water and sewer reserve account that is funded by water and sewer tap fees. These fees are reserved for major system repairs, extension, or expansion of the system, matching monies for grants and debt retirement after a reserve of \$500,000 is established.

### Note 5 - Capital Assets

A summary of changes in general fixed assets follows:

|                            | Balance<br>January 1,<br>2003 | Additions         | Deletions         | Balance<br>December 31,<br>2003 |
|----------------------------|-------------------------------|-------------------|-------------------|---------------------------------|
| Land and land improvements | \$ 555,463                    | \$ -              | \$ -              | \$ 555,463                      |
| Buildings and improvements | 1,420,608                     | -                 | -                 | 1,420,608                       |
| Machinery and equipment    | 1,012,133                     | 58,835            | -                 | 1,070,968                       |
| Vehicles                   | 1,929,430                     | 93,835            | 192,517           | 1,830,748                       |
| Office equipment           | <u>440,715</u>                | <u>35,020</u>     | <u>-</u>          | <u>475,735</u>                  |
| Total                      | <u>\$ 5,358,349</u>           | <u>\$ 187,690</u> | <u>\$ 192,517</u> | <u>\$ 5,353,522</u>             |

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 5 - Capital Assets (Continued)

A summary of Sewer and Water Fund fixed assets at December 31, 2003 and their depreciable lives are as follows:

|                                     | Amount               | Depreciable<br>Life - Years |
|-------------------------------------|----------------------|-----------------------------|
| Buildings                           | \$ 81,739            | 30                          |
| Utility system:                     |                      |                             |
| Water and sewage transmission lines | 36,462,276           | 60-80                       |
| Connections                         | 623,826              | 60-80                       |
| Machinery and equipment             | 251,933              | 10                          |
| Office equipment                    | 73,571               | 10                          |
| Vehicles                            | 108,737              | 5                           |
| Total                               | 37,602,082           |                             |
| Less accumulated depreciation       | (9,438,424)          |                             |
| Net                                 | <u>\$ 28,163,658</u> |                             |

### Note 6 - Long-term Debt

#### Outstanding Debt

The following is a summary of the debt outstanding of the Charter Township as of December 31, 2003:

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

|  | <u>Interest Rate</u> | <u>Maturing<br/>Through</u> | <u>Principal<br/>Outstanding</u> |
|--|----------------------|-----------------------------|----------------------------------|
| <b>General Long-term Debt</b>  |                      |                             |                                  |
| General obligation bonds:  |                      |                             |                                  |
| Huron Township State Revenue-sharing Bond - Revenue Bonds - Series 1998A | 4.35%-5.2%           | 2018                        | \$ 205,000                       |
| Huron Township Fire Equipment Bonds - Revenue Bonds - Series 1998A       | 4.35%-5.2%           | 2018                        | 760,000                          |
| Wayne County contracts:  |                      |                             |                                  |
| Huron System Bonds:  |                      |                             |                                  |
| Series I   | 5.70%                | 2005                        | 400,000                          |
| Series II 1994 Refunding Bonds   | 5.60%                | 2004                        | 77,513                           |
| Flat Rock System Bonds   | 5.70%                | 2007                        | 161,636                          |
| South Huron Valley Utility Authority Bonds:                              |                      |                             |                                  |
| 1998 Series Bonds (Van Buren Arm)  | 2.00%                | 2011                        | 767,500                          |
| Sewer System Expansion Bonds   | 2.25%                | 2020                        | <u>3,503,284</u>                 |
| Total general obligation bonds   |                      |                             | 5,874,933                        |

### Note 6 - Long-term Debt (Continued)

|  | <u>Interest Rate</u> | <u>Maturing<br/>Through</u> | <u>Principal<br/>Outstanding</u> |
|--|----------------------|-----------------------------|----------------------------------|
| <b>General Long-term Debt (Continued)</b>                |                      |                             |                                  |
| Other general obligations:                               |                      |                             |                                  |
| Lease purchase agreements:                               |                      |                             |                                  |
| Police cars  | 5.85%                | 2005                        | \$ 27,823                        |
| Copier   | 11.00%               | 2006                        | 4,190                            |
| Ordinance enforcement car                                | 6.50%                | 2004                        | 3,898                            |
| Police cars  | 6.00%                | 2004                        | 13,964                           |
| Installment purchase agreement - Fire equipment contract | 5.23%                | 2008                        | 222,612                          |
| Compensated absences                                     |                      |                             | <u>255,762</u>                   |
| Total other general obligations                          |                      |                             | <u>528,249</u>                   |
| Total long-term debt                                     |                      |                             | <u>\$ 6,403,182</u>              |

The compensated absences represent the estimated liability to be paid governmental fund-type employees under the Charter Township's sick and vacation pay policy, net of the portion that is estimated will be paid currently (which has been recorded as a liability in the applicable governmental fund). Under the Charter Township's policy, employees earn sick and vacation time based on time of service with the Charter Township.

### Changes in Long-term Debt



# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

The following is a summary of long-term debt transactions of the Charter Township for the year ended December 31, 2003:

|  | General<br>Obligations | Water and<br>Sewer Fund<br>Debt | Total General<br>Obligation<br>Debt |
|--|------------------------|---------------------------------|-------------------------------------|
| Balance - January 1, 2003                          | \$ 7,157,277           | \$ 25,836                       | \$ 7,183,113                        |
| Lease purchase agreements                          | 48,477                 | -                               | 48,477                              |
| Increase in obligation for compensated<br>absences | 31,977                 | -                               | 31,977                              |
| Debt retired                                       | (834,549)              | (25,836)                        | (860,385)                           |
| Balance - December 31, 2003                        | <u>\$ 6,403,182</u>    | <u>\$ -</u>                     | <u>\$ 6,403,182</u>                 |

### Note 6 - Long-term Debt (Continued)

#### Debt Service Requirements

The annual requirements of governmental fund resources to service all debt outstanding as of December 31, 2003 (excluding compensated absences, which have no established payment schedule), including both principal and interest, are as follows:

| Years Ending<br>December 31 |                     |
|-----------------------------|---------------------|
| 2004                        | \$ 856,700          |
| 2005                        | 742,477             |
| 2006                        | 520,566             |
| 2007                        | 515,758             |
| 2008                        | 602,404             |
| Remaining years             | <u>4,250,941</u>    |
| Total                       | <u>\$ 7,488,846</u> |

#### Interest

Total interest incurred for the Charter Township for the year approximated \$212,000.

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 7 - Contributed Capital

The following is an analysis of contributed capital by source:

|  | Balance<br>January 1,<br>2003 | Current Year<br>Additions<br>(Deletions) | Balance<br>December 31,<br>2003 |
|--|-------------------------------|--|---------------------------------|
| Capital contributed by source:                         |                               |  |                                 |
| Charter Township                                       | \$ 13,307,771                 | \$ -                                     | \$ 13,307,771                   |
| Connection fees - Customers                            | 9,738,983                     | 252,197                                  | 9,991,180                       |
| Huron-Clinton Metropolitan Authority                   | 46,995                        | -  | 46,995                          |
| Water and sewer lines<br>contributed by developers     | 739,881                       | -  | 739,881                         |
| Federal and state grants                               | 11,025,358                    | -  | 11,025,358                      |
| Local Development Finance<br>Authority                 | 374,713                       | -  | 374,713                         |
| Less depreciation on assets<br>financed through grants | (2,064,723)                   | (154,062)                                | (2,218,785)                     |
| Total  | <u>\$ 33,168,978</u>          | <u>\$ 98,135</u>                         | <u>\$ 33,267,113</u>            |

### Note 8 - Reserved and Designated Fund Balances

Fund balances have been reserved for the following purposes:

|                               | General<br>Fund   | Debt<br>Service<br>Funds |
|-------------------------------|-------------------|--------------------------|
| Solid waste                   | \$ 148,301        | \$ -                     |
| Inventory                     | 9,980             | -                        |
| Construction code fee surplus | 442,965           | -                        |
| Debt service                  | -                 | 1,131,087                |
| Total                         | <u>\$ 601,246</u> | <u>\$ 1,131,087</u>      |

A total of \$200,000 has been designated for capital improvements in the Fire Fund.

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 9 - Budget Information

The annual budget is prepared by the Charter Township Supervisor and adopted by the Charter Township Board; subsequent amendments are approved by the Charter Township Board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2003 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America, with the following exceptions:

- Operating transfers have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)."
- Financing proceeds related to capital leases have not been recorded as "other financing sources" and the related expenditures have not been recorded as capital outlay.
- Reimbursements from other funds have been included in revenue, rather than as a reduction of expenditures.

The budget statement (combined statement of revenue, expenditures, and changes in fund balances - budget and actual - General and Special Revenue Fund types) is presented on the same basis of accounting used in preparing the adopted budget. Following is a reconciliation of the budget statement to the operating statement (combined statement of revenue, expenditures, and changes in fund balances - all governmental fund types and component units):

|   | General Fund        |                     | Special Revenue Funds |                     |
|---|---------------------|---------------------|-----------------------|---------------------|
|   | Total               | Total               | Total                 | Total               |
|   | Revenue             | Expenditures        | Revenue               | Expenditures        |
| Amounts per operating statement                               | \$ 3,139,866        | \$ 2,757,902        | \$ 3,220,806          | \$ 2,853,012        |
| Operating transfers budgeted as revenue and expenditures      | 53,055              | 180,547             | 229,853               | 288,125             |
| Capital outlay expenditure recorded net of financing proceeds | -                   | -                   | -                     | (48,477)            |
| Reimbursements from other funds recorded as revenue           | 53,055              | 53,055              | -                     | -                   |
| Amounts per budget statement                                  | <u>\$ 3,245,976</u> | <u>\$ 2,991,504</u> | <u>\$ 3,450,659</u>   | <u>\$ 3,092,660</u> |

# Charter Township of Huron, Michigan

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## Notes to Financial Statements December 31, 2003

### **Note 9 - Budget Information (Continued)**

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget as adopted by the Charter Township Board is included in the additional information. A comparison of the actual results of operations to the Special Revenue Fund budget as adopted by the Charter Township Board is available at the clerk's office for inspection.

Because the Water and Sewer Fund limits its user charges to the amount necessary to meet current working capital requirements, the fund has an unreserved retained earnings deficit of \$984,968; however, the fund has total equity of \$34,125,661 and working capital of \$3,914,779.

#### **Deficit Elimination Plan**

The Road Improvement Fund has a deficit of \$66,701. The deficit results from road construction that is being financed by special assessments. Future special assessments revenue will eliminate the deficit.

The LDFA-Pinnacle Fund (component unit) has a deficit of \$26,596 at December 31, 2003. As the LDFA-Pinnacle Fund captures taxes in the future, those proceeds will be used to eliminate the deficit.

### **Note 10 - Risk Management**

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township has purchased commercial insurance for medical claims, participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, and participates in the Michigan Municipal Risk Management Authority (the "Authority") state risk pool for general and property claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program and the Authority risk pool program operate as common risk-sharing management programs for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. For the Authority risk pool, a portion of the excess insurance coverage is underwritten by the Authority itself.

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 11 - Postemployment Benefits

The Charter Township contributes certain amounts for health care benefits for all full-time employees upon retirement, in accordance with labor contracts. Currently, there are seven retirees and the related expense was \$69,854 in 2003. The Charter Township's policy requires the Charter Township to pay 100 percent of health care benefits for eligible retirees. Expenditures for postemployment health care benefits will be recognized as the insurance premiums become due.

### Note 12 - Defined Benefit Pension Plan

#### Plan Description

The Charter Township participates in the Municipal Employees' Retirement System ("MERS"), an agent multiple-employer defined benefit pension plan that covers all full-time police officers and dispatchers of the Charter Township, as well as most other full-time staff (excluding elected officials). The MERS provides retirement, disability, and death benefits to members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the MERS. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

#### Funding Policy

The obligation to contribute to and maintain the MERS plan for these employees was established by negotiating with the Charter Township's competitive bargaining units and requires contributions from all employees that vary from year to year depending on negotiated benefits and funding levels. Under the bargaining agreement, the Charter Township is required to contribute 16.56 percent of gross wages for police staff and 17.04 percent of gross wages for all other eligible staff.

#### Annual Pension Cost

For the year ended December 31, 2003, the Charter Township's annual pension cost for the plan was equal to the Charter Township's actual contribution of \$431,136. Significant actuarial assumptions used include (a) an 8.0 percent investment rate of return, (b) projected salary increases of 4.5 percent to 8.7 percent per year, and (c) 2.5 percent per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 12 - Defined Benefit Pension Plan (Continued)

#### Three-year Trend Information

|   | Fiscal Year Ended December 31 |              |              |
|---|-------------------------------|--------------|--------------|
|   | 2001                          | 2002         | 2003         |
| Annual pension cost (APC)               | \$ 296,622                    | \$ 342,335   | \$ 431,136   |
| Percentage of APC contributed           | 100%                          | 100%         | 100%         |
| Net pension obligation                  | None                          | None         | None         |
|   |                               |              |              |
|   | Valuation Dated December 31   |              |              |
|   | 2000                          | 2001         | 2002         |
| Actuarial value of assets               | \$ 2,548,323                  | \$ 3,030,266 | \$ 3,472,346 |
| Actuarial accrued liability (AAL)       |                               |              |              |
| (entry age)                             | \$ 4,970,870                  | \$ 6,385,108 | \$ 7,328,384 |
| Unfunded AAL (UAAL)                     | \$ 2,422,547                  | \$ 3,354,842 | \$ 3,856,038 |
| Funded ratio                            | 51.27%                        | 47.46%       | 47.38%       |
| Covered payroll                         | \$ 1,387,253                  | \$ 1,843,185 | \$ 2,066,648 |
| UAAL as a percentage of covered payroll | 174.6%                        | 182.0%       | 186.6%       |

### Note 13 - Defined Contribution Pension Plan

The Charter Township provides pension benefits to all elected officials and certain other employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate from the date of employment. As established by state statute, the Charter Township contributes 10 percent of employees' gross earnings and employees contribute 5 percent of earnings. The Charter Township's contributions for each employee (plus interest allocated to the employee's account) are fully vested immediately.

In accordance with these requirements, the Charter Township contributed \$24,704 and employees contributed \$12,352.

# Charter Township of Huron, Michigan

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## Notes to Financial Statements December 31, 2003

### Note 14 - Joint Venture

The Charter Township is a member of the 34th District Court (the "Court"), which provides services to the member communities. The Court receives its operating revenue mainly from fines and fees, in addition to annual funding provided by member communities. The Charter Township received net revenue of approximately \$457,000 from the Court, after the Court deducted operating costs and amounts required to be distributed to other agencies. Complete financial statements for the Court can be obtained from the administrative offices at 11131 South Wayne Road, Romulus, Michigan. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The Charter Township is a member of the South Huron Valley Utility Authority (the "Authority"). The Authority is a joint venture of the Charter Townships of Brownstown, Huron, and Van Buren, and the Cities of Flat Rock, Gibraltar, Romulus, and Woodhaven, and the Village of South Rockwood. The Authority was founded in order to acquire and operate a sewage and wastewater treatment system, formally operated by Wayne County. During the year, the Charter Township contributed \$233,181 toward the operation of the system. In addition, debt payments of \$354,015, including principal and interest, were made to the Authority. Complete financial statements for the Authority can be obtained from the administrative offices at 46425 Tyler Road, Van Buren Twp., MI 48111. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

# Charter Township of Huron, Michigan

## Notes to Financial Statements December 31, 2003

### Note 15 - Construction Code Fees

The Charter Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Charter Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity, as well as the cumulative surplus since January 1, 2000, is as follows:

|                                  |    |               |                       |
|----------------------------------|----|---------------|-----------------------|
| Surplus at January 1, 2003       |    | \$            | 273,802               |
| Building permit revenue          |    |               | 557,103               |
| Related expenses:                |    |               |                       |
| Direct costs                     | \$ | 336,384       |                       |
| Estimated indirect costs         |    | <u>51,556</u> |                       |
| Total construction code expenses |    |               | <u>387,940</u>        |
| Surplus at January 1, 2004       |    | \$            | <u><u>442,965</u></u> |

### Note 16 - Contingency

The Charter Township is involved in a lawsuit brought by a developer regarding Enterprise Fund reserve charges. At the current time, the outcome or potential liability related to the suit cannot be determined. No liability has been recorded in the financial statements.

### Note 17 - Upcoming Reporting Change

For the year beginning January 1, 2004, the Charter Township plans to adopt GASB Statement Number 34. This will dramatically revise the information being reported in these financial statements. Governmental activities will report information by individually significant fund, as well as in total on the full accrual basis of accounting. Information is not available to present pro forma data that would show the effect of this future change.



## **Additional Information**

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To the Supervisor and Township Board  
Charter Township of Huron  
Wayne County, Michigan

We have audited the general purpose financial statements of the Charter Township of Huron for the year ended December 31, 2003. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Charter Township of Huron. This information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Plante & Moran, PLLC*

February 11, 2004

# Charter Township of Huron, Michigan

## General Fund Schedule of Revenue and Expenditures - Budget and Actual Year Ended December 31, 2003

|   | Budget     | Actual     | Variance<br>Favorable<br>(Unfavorable) |
|---|------------|------------|--|
| <b><u>Revenue</u></b>                               |            |            |  |
| <b>Property Taxes</b>                               |            |            |  |
| Real and personal property taxes                    | \$ 272,942 | \$ 272,415 | \$ (527)                               |
| Property tax administration fees                    | 144,370    | 144,452    | 82                                     |
| Interest, penalties, and other                      | 30,000     | 34,552     | 4,552                                  |
| Total property taxes                                | 447,312    | 451,419    | 4,107                                  |
| <b>Licenses and Permits</b>                         |            |            |  |
| Trailer fees  | 9,000      | 8,750      | (250)                                  |
| Building, electrical, heating, and plumbing permits | 538,300    | 564,781    | 26,481                                 |
| Cable television franchise fee                      | 100,000    | 100,135    | 135                                    |
| Other   | 8,000      | 8,546      | 546                                    |
| Total licenses and permits                          | 655,300    | 682,212    | 26,912                                 |
| <b>State Sources - Revenue-sharing</b>              | 1,155,250  | 1,165,644  | 10,394                                 |
| <b>Federal Sources - Federal grants</b>             | 101,069    | 109,469    | 8,400                                  |
| <b>Charges for Services</b>                         |            |            |  |
| Board of Appeals fees                               | 1,000      | 5,400      | 4,400                                  |
| Planning Commission fees                            | 42,000     | 38,860     | (3,140)                                |
| Rubbish collection                                  | 490,000    | 492,347    | 2,347                                  |
| Administrative charges                              | 120,000    | 120,000    | -                                      |
| Other   | 48,750     | 78,070     | 29,320                                 |
| Total charges for services                          | 701,750    | 734,677    | 32,927                                 |
| <b>Fines and Forfeitures - Animal control</b>       | 1,200      | 1,440      | 240                                    |
| <b>Interest and Rent</b>                            |            |            |  |
| Interest  | 29,900     | 21,179     | (8,721)                                |
| Rent  | 24,500     | 24,600     | 100                                    |
| Total interest and rent                             | 54,400     | 45,779     | (8,621)                                |

# Charter Township of Huron, Michigan

## General Fund

### Schedule of Revenue and Expenditures - Budget and Actual (Continued)

### Year Ended December 31, 2003

|                                    | Budget                     | Actual                     | Variance<br>Favorable<br>(Unfavorable) |
|------------------------------------|----------------------------|----------------------------|--|
| <b><u>Revenue</u></b> (Continued)  |                            |                            |  |
| <b>Other Revenue</b>               |                            |                            |  |
| Reimbursements and refunds         | \$ 3,740                   | \$ 1,235                   | \$ (2,505)                             |
| Miscellaneous                      | 6,500                      | 1,046                      | (5,454)                                |
| Total other revenue                | 10,240                     | 2,281                      | (7,959)                                |
| <b>Operating Transfers In</b>      | 44,000                     | 53,055                     | 9,055                                  |
| Total revenue                      | <b><u>\$ 3,170,521</u></b> | <b><u>\$ 3,245,976</u></b> | <b><u>\$ 75,455</u></b>                |
| <b><u>Expenditures</u></b>         |                            |                            |  |
| <b>General Government</b>          |                            |                            |  |
| Board                              | \$ 63,079                  | \$ 56,325                  | \$ 6,754                               |
| Supervisor                         | 142,937                    | 130,882                    | 12,055                                 |
| Elections                          | 14,335                     | 7,948                      | 6,387                                  |
| Cemetery maintenance               | 12,373                     | 11,235                     | 1,138                                  |
| Accounting                         | 126,468                    | 121,607                    | 4,861                                  |
| Budget                             | 53,889                     | 36,920                     | 16,969                                 |
| Data processing                    | 56,223                     | 57,269                     | (1,046)                                |
| Clerk                              | 140,904                    | 139,298                    | 1,606                                  |
| Hall and grounds                   | 45,611                     | 42,896                     | 2,715                                  |
| Board of Review                    | 6,493                      | 2,340                      | 4,153                                  |
| Treasurer                          | 302,431                    | 307,657                    | (5,226)                                |
| General service and administrative | 53,560                     | 40,090                     | 13,470                                 |
| General office                     | 105,364                    | 105,063                    | 301                                    |
| Unallocated                        | 25,978                     | 20,244                     | 5,734                                  |
| Total general government           | 1,149,645                  | 1,079,774                  | 69,871                                 |
| <b>Public Safety</b>               |                            |                            |  |
| Communications                     | 316,811                    | 306,449                    | 10,362                                 |
| Ordinance enforcement              | 605,163                    | 509,898                    | 95,265                                 |
| Total public safety                | 921,974                    | 816,347                    | 105,627                                |

# Charter Township of Huron, Michigan

## General Fund

### Schedule of Revenue and Expenditures - Budget and Actual (Continued)

### Year Ended December 31, 2003

|  | Budget              | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------|---------------------|--|
| <b>Expenditures</b> (Continued)                            |                     |                     |  |
| <b>Public Works</b>  |                     |                     |  |
| Cable Commission   | \$ 22,856           | \$ 12,059           | \$ 10,797                              |
| Dust and pest control                                      | 10,000              | 6,989               | 3,011                                  |
| Street lighting  | 27,295              | 23,612              | 3,683                                  |
| Sanitation   | 452,421             | 450,316             | 2,105                                  |
| Recycling  | 8,456               | 6,285               | 2,171                                  |
| Drains   | 51,100              | 53,800              | (2,700)                                |
| Total public works   | 572,128             | 553,061             | 19,067                                 |
| <b>Health and Welfare - Animal control</b>                 | 75,284              | 71,852              | 3,432                                  |
| <b>Recreation and Cultural</b>                             |                     |                     |  |
| Recreation   | 24,706              | 20,454              | 4,252                                  |
| Library  | 11,250              | 5,821               | 5,429                                  |
| Senior van   | 118,354             | 116,478             | 1,876                                  |
| Total recreation and cultural                              | 154,310             | 142,753             | 11,557                                 |
| <b>Insurance and Bonds</b>                                 | 40,383              | 32,942              | 7,441                                  |
| <b>Planning - Planning Commission and Board of Appeals</b> | 128,392             | 114,228             | 14,164                                 |
| <b>Operating Transfers Out</b>                             |                     |                     |  |
| Police Fund  | 70,000              | 74,151              | (4,151)                                |
| Capital Projects Fund                                      | 181,400             | 106,396             | 75,004                                 |
| Contribution to compensated absences                       | 4,730               | -                   | 4,730                                  |
| Total operating transfers out                              | 256,130             | 180,547             | 75,583                                 |
| Total expenditures   | <u>\$ 3,298,246</u> | <u>\$ 2,991,504</u> | <u>\$ 306,742</u>                      |

# Charter Township of Huron, Michigan

|  | Compensated<br>Absences | Fire                | Police              | Cable<br>P.E.G.  |
|--|-------------------------|---------------------|---------------------|------------------|
| <b>Assets</b>                                    |                         |                     |                     |                  |
| Cash and cash equivalents                        | \$ 65,943               | \$ 1,544,135        | \$ 67,477           | \$ 63,755        |
| Investments                                      | -                       | 179,186             | -                   | -                |
| Receivables:                                     |                         |                     |                     |                  |
| Taxes  | -                       | 508,799             | 1,162,499           | -                |
| Due from other governmental units                | -                       | 307                 | 85,502              | -                |
| Special assessments                              | -                       | -                   | -                   | -                |
| Due from other funds                             | -                       | 316,025             | 657,982             | -                |
| Other  | -                       | 70,199              | 70,187              | -                |
| Total assets                                     | <u>\$ 65,943</u>        | <u>\$ 2,618,651</u> | <u>\$ 2,043,647</u> | <u>\$ 63,755</u> |
| <b>Liabilities and Fund Balances (Deficit)</b>   |                         |                     |                     |                  |
| <b>Liabilities</b>                               |                         |                     |                     |                  |
| Accounts payable                                 | \$ -                    | \$ 11,396           | \$ 13,681           | \$ -             |
| Due to other funds                               | -                       | -                   | 81,922              | -                |
| Due to component unit                            | -                       | 8,830               | 21,396              | -                |
| Deferred revenue                                 | -                       | 766,320             | 1,770,473           | -                |
| Accrued and other liabilities                    | -                       | 32,046              | 66,041              | -                |
| Total liabilities                                | -                       | 818,592             | 1,953,513           | -                |
| <b>Fund Balances (Deficit) - Unreserved</b>      |                         |                     |                     |                  |
| Designated                                       | -                       | 200,000             | -                   | -                |
| Undesignated                                     | 65,943                  | 1,600,059           | 90,134              | 63,755           |
| Total fund balances (deficit)                    | 65,943                  | 1,800,059           | 90,134              | 63,755           |
| Total liabilities and fund balances<br>(deficit) | <u>\$ 65,943</u>        | <u>\$ 2,618,651</u> | <u>\$ 2,043,647</u> | <u>\$ 63,755</u> |

**Special Revenue Funds  
Combining Balance Sheet  
December 31, 2003**

| <u>Drug Law<br/>Enforcement</u> | <u>911<br/>Service</u> | <u>Retirement<br/>Health Care</u> | <u>Road<br/>Improvement</u> | <u>Total</u>        |
|---------------------------------|------------------------|-----------------------------------|-----------------------------|---------------------|
| \$ 19,777                       | \$ -                   | \$ 364,225                        | \$ 7,382                    | \$ 2,132,694        |
| -                               | -                      | -                                 | -                           | 179,186             |
| -                               | -                      | -                                 | -                           | 1,671,298           |
| -                               | -                      | -                                 | -                           | 85,809              |
| -                               | -                      | -                                 | 398,685                     | 398,685             |
| -                               | -                      | -                                 | 10,998                      | 985,005             |
| -                               | -                      | -                                 | -                           | 140,386             |
| <u>\$ 19,777</u>                | <u>\$ -</u>            | <u>\$ 364,225</u>                 | <u>\$ 417,065</u>           | <u>\$ 5,593,063</u> |
|                                 |                        |                                   |                             |                     |
| \$ -                            | \$ -                   | \$ -                              | \$ 49,688                   | \$ 74,765           |
| -                               | -                      | -                                 | 51,707                      | 133,629             |
| -                               | -                      | -                                 | -                           | 30,226              |
| -                               | -                      | -                                 | 382,371                     | 2,919,164           |
| -                               | -                      | -                                 | -                           | 98,087              |
| -                               | -                      | -                                 | 483,766                     | 3,255,871           |
| -                               | -                      | -                                 | -                           | 200,000             |
| <u>19,777</u>                   | <u>-</u>               | <u>364,225</u>                    | <u>(66,701)</u>             | <u>2,137,192</u>    |
| <u>19,777</u>                   | <u>-</u>               | <u>364,225</u>                    | <u>(66,701)</u>             | <u>2,337,192</u>    |
| <u>\$ 19,777</u>                | <u>\$ -</u>            | <u>\$ 364,225</u>                 | <u>\$ 417,065</u>           | <u>\$ 5,593,063</u> |

# Charter Township of Huron, Michigan

|   | Compensated<br>Absences | Fire                | Police           | Cable P.E.G.     |
|---|-------------------------|---------------------|------------------|------------------|
| <b>Revenue</b>  |                         |                     |                  |                  |
| Property taxes  | \$ -                    | \$ 664,269          | \$ 1,589,204     | \$ -             |
| Federal grants  | -                       | -                   | 8,325            | -                |
| State grants and distributions  | -                       | -                   | 85,261           | -                |
| Fines and forfeitures   | -                       | -                   | 451,311          | -                |
| Charges for services  | -                       | 119,338             | 113,777          | -                |
| Interest  | 446                     | 17,800              | 3,063            | 363              |
| Other   | -                       | 23,471              | 26,880           | 24,934           |
| Total revenue   | 446                     | 824,878             | 2,277,821        | 25,297           |
| <b>Expenditures</b>   |                         |                     |                  |                  |
| Public safety   | -                       | 554,803             | 2,023,076        | -                |
| Debt service  | -                       | -                   | -                | -                |
| Capital outlay  | -                       | 25,749              | 55,213           | 2,776            |
| Total expenditures  | -                       | 580,552             | 2,078,289        | 2,776            |
| <b>Excess of Revenue Over (Under)<br/>Expenditures</b>  | 446                     | 244,326             | 199,532          | 22,521           |
| <b>Other Financing Sources (Uses)</b>   |                         |                     |                  |                  |
| Operating transfers in  | -                       | -                   | 70,000           | -                |
| Operating transfers out   | -                       | (102,570)           | (132,500)        | -                |
| Proceeds from issuance of debt  | -                       | -                   | 48,477           | -                |
| Total other financing<br>sources (uses)   | -                       | (102,570)           | (14,023)         | -                |
| <b>Excess of Revenue and Other Financing<br/>Sources Over (Under) Expenditures<br/>and Other Uses</b> | 446                     | 141,756             | 185,509          | 22,521           |
| <b>Fund Balances (Deficit) - January 1, 2003</b>  | 65,497                  | 1,658,303           | (95,375)         | 41,234           |
| <b>Fund Balances (Deficit) - December 31, 2003</b>  | <u>\$ 65,943</u>        | <u>\$ 1,800,059</u> | <u>\$ 90,134</u> | <u>\$ 63,755</u> |



**Special Revenue Funds**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances (Deficit)**  
**Year Ended December 31, 2003**

| Drug Law<br>Enforcement | 911 Service | Retirement<br>Health Care | Road<br>Improvement | Total               |
|-------------------------|-------------|---------------------------|---------------------|---------------------|
| \$ -                    | \$ -        | \$ -                      | \$ -                | \$ 2,253,473        |
| -                       | -           | -                         | -                   | 8,325               |
| -                       | 53,055      | -                         | -                   | 138,316             |
| 10,000                  | -           | -                         | -                   | 461,311             |
| -                       | -           | -                         | -                   | 233,115             |
| 83                      | -           | 1,861                     | 52                  | 23,668              |
| -                       | -           | -                         | 27,313              | 102,598             |
| 10,083                  | 53,055      | 1,861                     | 27,365              | 3,220,806           |
| -                       | -           | 69,853                    | -                   | 2,647,732           |
| -                       | -           | -                         | 20,550              | 20,550              |
| 750                     | -           | -                         | 100,242             | 184,730             |
| 750                     | -           | 69,853                    | 120,792             | 2,853,012           |
| 9,333                   | 53,055      | (67,992)                  | (93,427)            | 367,794             |
| -                       | -           | 159,853                   | -                   | 229,853             |
| -                       | (53,055)    | -                         | -                   | (288,125)           |
| -                       | -           | -                         | -                   | 48,477              |
| -                       | (53,055)    | 159,853                   | -                   | (9,795)             |
| 9,333                   | -           | 91,861                    | (93,427)            | 357,999             |
| 10,444                  | -           | 272,364                   | 26,726              | 1,979,193           |
| <u>\$ 19,777</u>        | <u>\$ -</u> | <u>\$ 364,225</u>         | <u>\$ (66,701)</u>  | <u>\$ 2,337,192</u> |

# Charter Township of Huron, Michigan

## Debt Service Funds Combining Balance Sheet December 31, 2003

|  | Police<br>Debt | Fire<br>Debt | Sewer<br>Debt       | Water<br>Debt   | Total               |
|--|----------------|--------------|---------------------|-----------------|---------------------|
| <b>Assets</b>                                    |                |              |                     |                 |                     |
| Cash and cash equivalents                        | \$ -           | \$ -         | \$ 931,154          | \$ 6,203        | \$ 937,357          |
| Investments                                      | -              | -            | 44,107              | -               | 44,107              |
| Receivables:                                     |                |              |                     |                 |                     |
| Taxes  | -              | -            | 11,558              | 2,052           | 13,610              |
| Other  | -              | -            | 8,246               | 242             | 8,488               |
| Due from other funds                             | -              | -            | 127,138             | 387             | 127,525             |
| <b>Total assets</b>                              | <b>\$ -</b>    | <b>\$ -</b>  | <b>\$ 1,122,203</b> | <b>\$ 8,884</b> | <b>\$ 1,131,087</b> |
| <b>Fund Balances - Reserved for debt service</b> | <b>\$ -</b>    | <b>\$ -</b>  | <b>\$ 1,122,203</b> | <b>\$ 8,884</b> | <b>\$ 1,131,087</b> |

# Charter Township of Huron, Michigan

## Debt Service Funds Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2003

|  | Police<br>Debt | Fire<br>Debt | Sewer<br>Debt       | Water<br>Debt   | Total               |
|--|----------------|--------------|---------------------|-----------------|---------------------|
| <b>Revenue</b>   |                |              |                     |                 |                     |
| Property taxes   | \$ -           | \$ -         | \$ 89,176           | \$ 37           | \$ 89,213           |
| Interest   | -              | -            | 9,871               | 381             | 10,252              |
| Debt service charges   | -              | -            | 111,963             | -               | 111,963             |
| Total revenue  | -              | -            | 211,010             | 418             | 211,428             |
| <b>Expenditures</b>  |                |              |                     |                 |                     |
| Debt principal payments  | 89,117         | 51,357       | 591,854             | 90,000          | 822,328             |
| Interest   | 5,897          | 51,213       | 141,010             | 1,538           | 199,658             |
| Other  | -              | -            | 2,050               | 687             | 2,737               |
| Total expenditures   | 95,014         | 102,570      | 734,914             | 92,225          | 1,024,723           |
| <b>Excess of Expenditures Over Revenue</b>                             | (95,014)       | (102,570)    | (523,904)           | (91,807)        | (813,295)           |
| <b>Other Financing Sources - Operating transfers in</b>                | 95,014         | 102,570      | -                   | -               | 197,584             |
| <b>Excess of Expenditures Over Revenue and Other Financing Sources</b> | -              | -            | (523,904)           | (91,807)        | (615,711)           |
| <b>Fund Balances - January 1, 2003</b>                                 | -              | -            | 1,646,107           | 100,691         | 1,746,798           |
| <b>Fund Balances - December 31, 2003</b>                               | <u>\$ -</u>    | <u>\$ -</u>  | <u>\$ 1,122,203</u> | <u>\$ 8,884</u> | <u>\$ 1,131,087</u> |

# Charter Township of Huron, Michigan

## Agency Funds Combining Balance Sheet December 31, 2003

|   | Current<br>Tax             | Trust and<br>Agency      | Total                      |
|---|----------------------------|--------------------------|----------------------------|
| <b>Assets - Cash and cash equivalents</b> | <b><u>\$ 2,851,630</u></b> | <b><u>\$ 760,715</u></b> | <b><u>\$ 3,612,345</u></b> |
| <b>Liabilities</b>                        |                            |                          |                            |
| Due to other governmental units           | \$ 1,681,678               | \$ 1,285                 | \$ 1,682,963               |
| Due to other funds                        | 1,162,852                  | 135,427                  | 1,298,279                  |
| Accrued and other liabilities             | -                          | 32,834                   | 32,834                     |
| Cash bonds and deposits                   | -                          | 583,638                  | 583,638                    |
| Tax collections distributable             | <u>7,100</u>               | <u>7,531</u>             | <u>14,631</u>              |
| Total liabilities                         | <b><u>\$ 2,851,630</u></b> | <b><u>\$ 760,715</u></b> | <b><u>\$ 3,612,345</u></b> |

# Charter Township of Huron, Michigan

## Schedule of Bonded Indebtedness December 31, 2003

| Description                                 | Interest  | Date of<br>Maturity | Amount of | Principal Outstanding |           |
|---|-----------|---------------------|-----------|-----------------------|-----------|
|   | Rate      |                     | Annual    | December 31           |           |
|   | (Percent) |                     | Maturity  | 2003                  | 2002      |
| <b>General Obligation Bonds</b>             |           |                     |           |                       |           |
| Huron Township State Revenue-sharing Bond - |           |                     |           |                       |           |
| Revenue Bonds - Series 1998A                |           |                     |           |                       |           |
| Date of issue - June 16, 1998               |           |                     |           |                       |           |
| Amount of issue - \$255,000                 |           |                     |           |                       |           |
|   | 4.30      | 11/01/03            | \$ 10,000 | \$ -                  | \$ 10,000 |
|   | 4.35      | 11/01/04            | 10,000    | 10,000                | 10,000    |
|   | 4.45      | 11/01/05            | 10,000    | 10,000                | 10,000    |
|   | 4.55      | 11/01/06            | 10,000    | 10,000                | 10,000    |
|   | 4.60      | 11/01/07            | 10,000    | 10,000                | 10,000    |
|   | 4.65      | 11/01/08            | 10,000    | 10,000                | 10,000    |
|   | 4.70      | 11/01/09            | 10,000    | 10,000                | 10,000    |
|   | 4.80      | 11/01/10            | 15,000    | 15,000                | 15,000    |
|   | 4.90      | 11/01/11            | 15,000    | 15,000                | 15,000    |
|   | 5.00      | 11/01/12            | 15,000    | 15,000                | 15,000    |
|   | 5.10      | 11/01/13            | 15,000    | 15,000                | 15,000    |
|   | 5.20      | 11/01/14            | 15,000    | 15,000                | 15,000    |
|   | 5.20      | 11/01/15            | 15,000    | 15,000                | 15,000    |
|   | 5.20      | 11/01/16            | 15,000    | 15,000                | 15,000    |
|   | 5.20      | 11/01/17            | 20,000    | 20,000                | 20,000    |
|   | 5.20      | 11/01/18            | 20,000    | 20,000                | 20,000    |
|   |           |                     |           | 205,000               | 215,000   |

# Charter Township of Huron, Michigan

## Schedule of Bonded Indebtedness (Continued) December 31, 2003

| Description                                 | Interest  | Date of<br>Maturity | Amount of | Principal Outstanding |           |
|---|-----------|---------------------|-----------|-----------------------|-----------|
|   | Rate      |                     | Annual    | December 31           |           |
|   | (Percent) |                     | Maturity  | 2003                  | 2002      |
| <b>General Obligation Bonds (Continued)</b> |           |                     |           |                       |           |
| Huron Township Fire Equipment Bonds -       |           |                     |           |                       |           |
| Revenue Bonds - Series 1998A                |           |                     |           |                       |           |
| Date of issue - June 16, 1998               |           |                     |           |                       |           |
| Amount of issue - \$920,000                 |           |                     |           |                       |           |
|   | 4.30      | 11/01/03            | \$ 35,000 | \$ -                  | \$ 35,000 |
|   | 4.35      | 11/01/04            | 35,000    | 35,000                | 35,000    |
|   | 4.45      | 11/01/05            | 35,000    | 35,000                | 35,000    |
|   | 4.55      | 11/01/06            | 40,000    | 40,000                | 40,000    |
|   | 4.60      | 11/01/07            | 40,000    | 40,000                | 40,000    |
|   | 4.65      | 11/01/08            | 45,000    | 45,000                | 45,000    |
|   | 4.70      | 11/01/09            | 45,000    | 45,000                | 45,000    |
|   | 4.80      | 11/01/10            | 45,000    | 45,000                | 45,000    |
|   | 4.90      | 11/01/11            | 50,000    | 50,000                | 50,000    |
|   | 5.00      | 11/01/12            | 50,000    | 50,000                | 50,000    |
|   | 5.10      | 11/01/13            | 55,000    | 55,000                | 55,000    |
|   | 5.20      | 11/01/14            | 60,000    | 60,000                | 60,000    |
|   | 5.20      | 11/01/15            | 60,000    | 60,000                | 60,000    |
|   | 5.20      | 11/01/16            | 65,000    | 65,000                | 65,000    |
|   | 5.20      | 11/01/17            | 65,000    | 65,000                | 65,000    |
|   | 5.20      | 11/01/18            | 70,000    | 70,000                | 70,000    |
|   |           |                     |           | 760,000               | 795,000   |

# Charter Township of Huron, Michigan

## Schedule of Bonded Indebtedness (Continued) December 31, 2003

| Description  | Interest  | Date of<br>Maturity | Amount of  | Principal Outstanding |            |
|--|-----------|---------------------|------------|-----------------------|------------|
|  | Rate      |                     | Annual     | December 31           |            |
|  | (Percent) |                     | Maturity   | 2003                  | 2002       |
| <b>General Obligation Bonds - Wayne County Contracts</b> |           |                     |            |                       |            |
| Huron System Bonds - Series I                            |           |                     |            |                       |            |
| Date of issue - December 1, 1968                         |           |                     |            |                       |            |
| Amount of issue - \$3,600,000                            |           |                     |            |                       |            |
|  | 5.70      | 12/01/03            | \$ 200,000 | \$ -                  | \$ 200,000 |
|  | 5.70      | 12/01/04            | 200,000    | 200,000               | 200,000    |
|  | 5.70      | 12/01/05            | 200,000    | 200,000               | 200,000    |
|  |           |                     |            | 400,000               | 600,000    |
| Huron System Bonds - Series II 1994 Refunding Bonds      |           |                     |            |                       |            |
| Date of issue - May 24, 1994                             |           |                     |            |                       |            |
| Amount of issue - \$984,018                              |           |                     |            |                       |            |
|  | 5.50      | 11/01/03            | 98,501     | -                     | 98,501     |
|  | 5.60      | 11/01/04            | 77,513     | 77,513                | 77,513     |
|  |           |                     |            | 77,513                | 176,014    |
| Flat Rock System Bonds                                   |           |                     |            |                       |            |
| Date of issue - December 1, 1968                         |           |                     |            |                       |            |
| Amount of issue - \$1,350,000                            |           |                     |            |                       |            |
|  | 5.70      | 12/01/03            | 40,409     | -                     | 40,409     |
|  | 5.70      | 12/01/04            | 40,409     | 40,409                | 40,409     |
|  | 5.70      | 12/01/05            | 40,409     | 40,409                | 40,409     |
|  | 5.70      | 12/01/06            | 40,409     | 40,409                | 40,409     |
|  | 5.70      | 12/01/07            | 40,409     | 40,409                | 40,409     |
|  |           |                     |            | 161,636               | 202,045    |

# Charter Township of Huron, Michigan

## Schedule of Bonded Indebtedness (Continued) December 31, 2003

| Description | Interest<br>Rate<br>(Percent) | Date of<br>Maturity | Amount of<br>Annual<br>Maturity | Principal Outstanding |                     |
|-------------|-------------------------------|---------------------|---------------------------------|-----------------------|---------------------|
|             |                               |                     |                                 | December 31<br>2003   | December 31<br>2002 |

### General Obligation Bonds - Wayne County Contracts (Continued)

#### Wayne County Water System Bonds - Series II

Date of issue - April 1, 1965

Amount of issue - \$1,000,000

|      |          |           |      |           |
|------|----------|-----------|------|-----------|
| 1.20 | 04/01/03 | \$ 30,000 | \$ - | \$ 30,000 |
|------|----------|-----------|------|-----------|

#### Wayne County Water System Bonds - Series III

Date of issue - April 1, 1968

Amount of issue - \$1,500,000

|      |          |        |   |        |
|------|----------|--------|---|--------|
| 5.10 | 04/01/03 | 60,000 | - | 60,000 |
|------|----------|--------|---|--------|

### General Obligation Bonds - South Huron Valley Utility Authority Bonds

#### 1998 Series Bonds (Van Buren Arm)

Date of issue - September 1998

Amount of issue - \$1,188,704

|      |          |         |         |         |
|------|----------|---------|---------|---------|
| 2.00 | 04/01/03 | 87,802  | -       | 87,802  |
| 2.00 | 04/01/04 | 89,644  | 89,644  | 89,644  |
| 2.00 | 04/01/05 | 90,872  | 90,872  | 90,872  |
| 2.00 | 04/01/06 | 92,714  | 92,714  | 92,714  |
| 2.00 | 04/01/07 | 95,170  | 95,170  | 95,170  |
| 2.00 | 04/01/08 | 97,012  | 97,012  | 97,012  |
| 2.00 | 04/01/09 | 98,854  | 98,854  | 98,854  |
| 2.00 | 04/01/10 | 100,696 | 100,696 | 100,696 |
| 2.00 | 04/01/11 | 102,538 | 102,538 | 102,538 |

|         |         |
|---------|---------|
| 767,500 | 855,302 |
|---------|---------|



# Charter Township of Huron, Michigan

## Schedule of Bonded Indebtedness (Continued) December 31, 2003

| Description  | Interest  | Date of<br>Maturity | Amount of  | Principal Outstanding |              |
|--|-----------|---------------------|------------|-----------------------|--------------|
|  | Rate      |                     | Annual     | December 31           |              |
|  | (Percent) |                     | Maturity   | 2003                  | 2002         |
| <b>General Obligation Bonds - South Huron Valley Utility Authority Bonds</b> (Continued) |           |                     |            |                       |              |
| Sewer System Plant Expansion Bonds   |           |                     |            |                       |              |
| Date of issue - September 1998   |           |                     |            |                       |              |
| Amount of issue - \$3,995,710  |           |                     |            |                       |              |
|  | 2.25      | 10/01/03            | \$ 167,395 | \$ -                  | \$ 167,395   |
|  | 2.25      | 10/01/04            | 171,148    | 171,148               | 171,148      |
|  | 2.25      | 10/01/05            | 175,652    | 175,652               | 175,652      |
|  | 2.25      | 10/01/06            | 179,405    | 179,405               | 179,405      |
|  | 2.25      | 10/01/07            | 183,159    | 183,159               | 183,159      |
|  | 2.25      | 10/01/08            | 187,663    | 187,663               | 187,663      |
|  | 2.25      | 10/01/09            | 191,416    | 191,416               | 191,416      |
|  | 2.25      | 10/01/10            | 195,920    | 195,920               | 195,920      |
|  | 2.25      | 10/01/11            | 200,424    | 200,424               | 200,424      |
|  | 2.25      | 10/01/12            | 204,927    | 204,927               | 204,927      |
|  | 2.25      | 10/01/13            | 209,431    | 209,431               | 209,431      |
|  | 2.25      | 10/01/14            | 213,935    | 213,935               | 213,935      |
|  | 2.25      | 10/01/15            | 219,190    | 219,190               | 219,190      |
|  | 2.25      | 10/01/16            | 223,694    | 223,694               | 223,694      |
|  | 2.25      | 10/01/17            | 228,948    | 228,948               | 228,948      |
|  | 2.25      | 10/01/18            | 234,203    | 234,203               | 234,203      |
|  | 2.25      | 10/01/19            | 239,457    | 239,457               | 239,457      |
|  | 2.25      | 10/01/20            | 244,712    | 244,712               | 244,712      |
|  |           |                     |            | 3,503,284             | 3,670,679    |
| Total general obligation bonds   |           |                     |            | \$ 5,874,933          | \$ 6,604,040 |